

**INDIANA STATE TEACHERS' RETIREMENT FUND
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The Honorable Robert D. Orr
Governor of the State of Indiana
Capitol Building
Indianapolis, Indiana 46204

Dear Governor Orr:

The 1985 Annual Report representing the condition of the Teachers' Retirement Fund is being submitted on behalf of the Board of Trustees and staff. The following comparison between the 1984 fiscal year and 1985 fiscal year highlights the key changes in the fund:

	June 30, 1985	June 30, 1984	Increase (Decrease)
Number of Active	62,822	62,062	760
Number of Retirees & Disabilitants	24,507	24,044	463
Annual Payout to Retirees and Disabilitants	\$ 142.7 million	\$134.1 million	\$ 8.6 million
Fund Assets.....	\$1,085.3 million	\$902.3 million	\$183.0 million
Investment Income (Gross)	\$ 106.1 million	\$ 89.8 million	\$ 16.3 million
Member Annuity Account Earnings Rate	10%	10%	-0-
Unfunded Accrued Liability—	(Retirees & Beneficiaries as of June 30, 1985)		\$.86 billion
	(Active & Inactive Members as of June 30, 1983)		\$1.75 billion
			\$2.61 billion

Employee annuity reserve accounts are fully funded and available at withdrawal, for death benefits, or at retirement. The State of Indiana pays the employer share on an annual basis during the member's retirement.

The detailed report includes four sections: the financial section with the State Board of Accounts auditor report; the statistical tables; the listing of investments; and, the actuarial certification letter and the latest valuation results.

The Board of Trustees and staff pledge continuing prudence in managing the Fund and providing responsive and efficient service to members of the Teachers' Retirement Fund.

Respectfully submitted,

Herbert E. Williams

Herbert E. Williams, President
Joseph C. Wagner, Vice President
Mary Helen Stephen, Secretary
Joseph D. Ward, Trustee
Jerry M. Ault, Trustee

Loren T. Tiede

Loren T. Tiede, Executive Secretary



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS

912 STATE OFFICE BUILDING
INDIANAPOLIS, INDIANA 46204-2281
(317) 232-2513

AUDITORS' REPORT

TO: THE OFFICIALS OF THE INDIANA STATE TEACHERS' RETIREMENT FUND

We have examined the balance sheet of the Indiana State Teachers' Retirement Fund as of June 30, 1985, and the related statement of revenues, expenditures and changes in fund balance, and the statement of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Indiana State Teachers' Retirement Fund as of June 30, 1985, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the basis financial statements taken as a whole. The supplemental schedules and related information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the examination of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 9, 1986

FINANCIAL STATEMENT ANNUAL REPORT 1985

EXHIBIT A

INDIANA STATE TEACHERS' RETIREMENT FUND BALANCE SHEET

JUNE 30, 1985

ASSETS

Cash (See Note 8)	\$ 530,462.82
Receivables:	
Employer Contributions Receivable	
Member Deductions Receivable	1,682,633.37
Benefit Overpayments Receivable.....	13,152,250.17
Investment Interest Receivable	2,467.60
Mortgage Interest Receivable	23,968,201.24
	6,648.81
Total Receivables	<u>38,812,201.19</u>
Investments:	
Bonds and Notes Investment (Par Value)	1,065,631,114.73
Premium on Bonds and Notes	9,695,332.51
Discount on Bonds and Notes	(31,162,945.85)
Mortgages	1,429,127.22
Discount on Mortgages	(1,713.83)
Real Estate (Cost)	260,000.00
Total Investments: (Market Value: \$1,064,183,202.28)	<u>1,045,850,914.78</u>
Furniture and Equipment: (Original Cost: \$132,568.27;	
Net of \$73,621.30 accumulated depreciation)	<u>58,946.97</u>
Insurance Premium Paid in Advance:	
Total Assets	<u>\$1,085,252,557.01</u>

LIABILITIES AND FUND BALANCE

Current Liabilities:	
Indiana National Bank	\$ 363.18
Accrued Benefits Payable	12,075,058.69
Accrued Salaries (See Note 6).....	20,882.73
Accounts Payable	207,633.96
Total Current Liabilities	<u>12,303,938.56</u>
Fund Balance:	
Member Reserves	676,065,838.12
Reserves for Benefits in Force	1,198,374,420.51
Employer Reserves	1,750,656,151.00
Undistributed Investment Income	55,455,431.82
Total Reserves	<u>3,680,551,841.45</u>
Unreserved Fund Balance (See Note 4)	<u>(2,607,603,223.00)</u>
Total Fund Balance	<u>1,072,948,618.45</u>
Total Liabilities and Fund Balance	<u>\$1,085,252,557.01</u>

The accompanying notes are an integral part of the Financial Statements.

**FINANCIAL STATEMENT
ANNUAL REPORT 1985**

EXHIBIT B

**INDIANA STATE TEACHERS' RETIREMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**

JULY 1, 1984 TO JUNE 30, 1985

	Total Fund Balance	Member Reserves	Reserves For Benefits In Force	Employer Reserves	Undistributed Investment Income	Unreserved Fund Balance
Operating Revenues:						
Member Contributions	\$ 44,946,413.08	\$ 44,945,797.67	\$ 121.98	\$ -0-	\$ 493.43	\$ -0-
Employer Contributions.....	180,309,572.69	-0-	180,309,572.69	-0-	-0-	-0-
Annuity and Disability Refunds	413,471.29	-0-	413,471.29	-0-	-0-	-0-
Outdated Benefit Checks	30,447.57	-0-	30,447.57	-0-	-0-	-0-
Investment Income	104,030,866.01	-0-	-0-	-0-	104,030,866.01	-0-
Accumulation of Discounts on Investments	2,227,158.69	-0-	-0-	-0-	2,227,158.69	-0-
Gain on Sale of Investments-Net	516,603.50	-0-	-0-	-0-	516,603.50	-0-
Reimbursement of Administrative Expenses	164.32	-0-	164.32	-0-	-0-	-0-
Interfund Transfer Received	519,008.48	1,680.77	517,327.71	-0-	-0-	-0-
Total Operating Revenues	332,993,705.63	44,947,478.44	181,271,105.56	-0-	106,775,121.63	-0-
Operating Expenses:						
Annuity and Disability Benefits	(142,664,419.01)	-0-	(142,664,419.01)	-0-	-0-	-0-
Voluntary and Death Withdrawals ...	(5,790,200.02)	(5,575,066.40)	-0-	-0-	(215,133.62)	-0-
Refunds—Members/School Units ...	(10,251.45)	(10,240.86)	-0-	-0-	(10.59)	-0-
Claims on Outdated Benefit Checks	(1,883.73)	-0-	(1,883.73)	-0-	-0-	-0-
Amortization of Premiums on Investments	(647,112.95)	-0-	-0-	-0-	(647,112.95)	-0-
Investment Expenses	(587,291.56)	-0-	-0-	-0-	(587,291.56)	-0-
Administrative Expenses	(673,038.07)	-0-	(673,038.07)	-0-	-0-	-0-
Depreciation Expense.....	(5,198.98)	-0-	(5,198.98)	-0-	-0-	-0-
Interfund Transfer Made	(355,200.07)	(55,939.77)	(307,402.05)	-0-	8,141.75	-0-
Total Operating Expenses	(150,734,595.84)	(5,641,247.03)	(143,651,941.84)	-0-	(1,441,406.97)	-0-
Other Changes in Reserves:						
Approved Retirees	-0-	(22,437,906.73)	22,435,908.95	-0-	1,997.78	-0-
Deceased Disability and Forfeiture by Law	-0-	(15,309.65)	15,309.65	-0-	-0-	-0-
Members Account Adjustment....	-0-	(594.17)	1,849.19	-0-	(1,255.02)	-0-
Interest Distribution—10%.....	-0-	57,393,055.93	25,578,024.79	-0-	(82,971,080.72)	-0-
Total Other Changes.....	-0-	34,939,245.38	48,031,092.58	-0-	(82,970,337.96)	-0-
Net Fund Balance—Additions						
(Exhibit C)	182,259,109.79	74,245,476.79	85,650,256.30	-0-	22,363,376.70	-0-
Increase in Actuarial Liabilities:						
-0-	-0-	34,664,569.00	-0-	-0-	-0-	(34,664,569.00)
Fund Balance—July 1, 1984						
Prior Period Adjustment (See Note 7)	-0-	2,342,892.53	-0-	-0-	(2,342,892.53)	-0-
Adjusted Fund Balance—						
July 1, 1984	890,689,508.66	601,820,361.33	1,078,059,595.21	1,750,656,151.00	33,092,055.12	(2,572,938,654.00)
Fund Balance—June 30, 1985	\$1,072,948,618.45	\$676,065,838.12	\$1,198,374,420.51	\$1,750,656,151.00	\$ 55,455,431.82	\$(2,607,603,223.00)

The accompanying notes are an integral part of the Financial Statements.

FINANCIAL STATEMENT ANNUAL REPORT 1985

EXHIBIT C

INDIANA STATE TEACHERS' RETIREMENT FUND STATEMENT OF CHANGES IN FINANCIAL POSITION

JULY 1, 1984 TO JUNE 30, 1985

Sources of Working Capital:

Excess of Revenues Over Expenses (Exhibit B)	\$182,259,109.79
Items Not Requiring (Providing) Working Capital:	
Accumulation of Discounts on Investments	(2,227,158.69)
Ammortization of Premiums on Investments	647,112.95
Gain on Sale of Investments—Net	(516,603.50)
Depreciation	5,198.98
	<hr/>
Working Capital Provided by Operations	\$ 180,167,659.53
Investments Sold or Matured	1,853,294,253.39
	<hr/>
Total Sources of Working Capital	\$2,033,461,912.92

Uses of Working Capital:

Purchase of Word Processing Equipment.....	60,475.00
Purchase of Investments.....	2,028,730,307.29
	<hr/>
Total Uses of Working Capital	2,028,790,782.29

Net Increase in Working Capital

Elements Of Net Increase (Decrease) In Working Capital:	June 30, 1985	June 30, 1984	Increase (Decrease)
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Current Assets:

Cash	\$ 530,462.82	\$ 801,572.59	\$ (271,109.77)
Employer Contributions Receivable	1,682,633.37	1,537,845.29	144,788.08
Member Deductions Receivable	13,152,250.17	11,669,885.43	1,482,364.74
Benefit Overpayments Receivable	2,467.60	2,467.60	0-
Investment Interest Receivable	23,968,201.24	19,939,162.45	4,029,038.79
Mortgage Interest Receivable	6,648.81	9,201.29	(2,552.48)
Insurance Premium Paid in Advance	31.25	31.25	0-
	<hr/>	<hr/>	<hr/>
Total Current Assets	39,342,695.26	33,960,165.90	

Current Liabilities:

Indiana National Bank	(363.18)	(670.72)	307.54
Accrued Benefits Payable	(12,075,058.69)	(11,364,324.75)	(710,733.94)
Accrued Salaries	(20,882.73)	(18,326.61)	(2,556.12)
Accounts Payable	(207,633.96)	(209,217.75)	1,583.79
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	(12,303,938.56)	(11,592,539.83)	
Working Capital	\$27,038,756.70	\$22,367,626.07	\$ 4,671,130.63

The accompanying notes are an integral part of the Financial Statements.

FINANCIAL STATEMENT ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND NOTES TO FINANCIAL STATEMENTS

Note 1. Fund Description

The Indiana State Teachers' Retirement Fund was created by Acts of 1915, Chapter 182. The retirement fund was established for those persons who are engaged in teaching or in the supervision of teaching in the public schools of the state.

Note 2. Accounting Policies and Procedures

The accounting records of the fund are kept on a cash basis with adjustments made at the end of each fiscal year to convert to the accrual basis for financial statement presentation.

Note 3. Funding

The Indiana State Teacher's Retirement Fund is funded on a "pay as you go" basis. State appropriations are made for the amount of estimated pension benefit payouts for each fiscal year.

From the 10th Actuarial Valuation Report—June 30, 1983:

Employee Contributions (as a % of payroll)	3%
Actuarially computed required state contributions (as a % of payroll; for 40-year funding)	13.45%

Note 4. Actuarial Valuation

Actuarial Valuation Reports were made by Gabriel, Roeder, Smith & Company. The interest assumption used in the survey was 7.5%.

Retirants and Beneficiaries computed liabilities as of June 30, 1985 (19th Actuarial Valuation Report issued on October 30, 1985.)

Total Accrued Liability	\$1,198,373,664
Less: Annuity Reserves and	
Pension Reserves Available	
for Retired Lives	<u>341,426,592</u>
Unfunded Liability for Retirants and Beneficiaries	\$ 856,947,072

Accrued Portions of age and service to be paid to present active and inactive members based on service rendered as of June 30, 1983 (10th Actuarial Valuation Report issued on April 19, 1984.)

**FINANCIAL STATEMENT
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 4. Actuarial Valuation (Continued)

Total Accrued Liability	\$1,750,656,151
Less: Funded Portions	<u>-0-</u>
 Net Unfunded Liability on Active and Inactive Members.	 <u>\$1,750,656,151</u>
 Total Unfunded Amount	 <u>\$2,607,603,223</u>

Note 5. Net Assets Available for Benefits

Market Value of Investments	\$1,064,183,202.28
Other Assets	39,401,642.23
Less: Liabilities.....	<u>(12,303,938.56)</u>
 Net Assets Available for Benefits.	 <u>\$1,091,280,905.95</u>

Note 6. Accrued Salaries

Unused vacation leaves of agency fund employees amounting to \$36,765.20 as of June 30, 1985 was not included in the liability account.

Note 7. Prior Period Adjustment

Interest credits catch-up on inactive accounts. Accounts with less than ten years of service credit cease to accrue interest after **ten (10) years** of inactive status. Since July 1, 1982, this had been applied as **five (5) years** which was in error. (IC 5-10.2-3-5 & IC 5-10.2-3-6)

Note 8. Cash in Transit

Included in cash is an in-transit amount of \$150,000.00, which was received by Indiana National Bank on May 22, 1985 but was not credited to the Retirement Fund's account until July 18, 1985. Interest that should have been earned by that money at the average money market rate of 7.42% amounted to \$1,189.89, and is reflected in the Investment Interest Receivable Account.

**FINANCIAL STATEMENT
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES**
FISCAL YEAR ENDING JUNE 30, 1985

Personal Services:

Trustees Per Diem	\$ 1,855.00
Staff Salaries	400,010.70
Social Security	27,785.56
Retirement	26,747.26
Insurance	32,559.56
Total Services	\$ 488,958.08

Professional & Technical Services:

Actuarial	\$ 12,440.00
Data Processing	38,559.50
Audit	8,763.77
Group Health Insurance Consultant	6,802.20
Investment Management	457,365.50
Investment Custodial (<i>Indiana National Bank</i>)	85,944.00
Investment Performance Measurement (<i>Indiana National Bank</i>)	4,000.00
Investment Monthly Transaction Tape (<i>Indiana National Bank</i>)	1,200.00
Medical Examination	1,440.00
Total Professional & Technical Services	\$ 616,514.97

Communication:

Printing	\$ 15,501.16
Telephone	10,251.29
Postage	73,626.72
Travel	6,359.31
Total Communication	\$ 105,738.48

Rentals:

Equipment Leasing	\$ 2,408.66
Total Rentals	\$ 2,408.66

Miscellaneous:

Membership & Training	\$ 1,325.00
Supplies	4,009.28
Maintenance	1,637.78
Bonding	791.00
Checking Account Charges (<i>Indiana National Bank</i>)	36,530.06
Investment Other Charges	2,252.00
Depreciation	5,198.98
Total Miscellaneous	\$ 51,744.10
Total Administrative and Investment Expenses	\$ 1,265,364.29

STATISTICAL TABLE
ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND
BALANCE SHEET ASSETS

June 30	Cash	Receivables	Investments	Other Assets	Total
1980	\$ 9,006,759.	\$ 17,411,625.	\$ 496,201,838.	\$ 4,892.	\$ 522,625,114.
1981	9,919,324.	22,017,077.	558,391,446.	11,705.	590,339,552.
1982	607,272.	25,606,256.	655,739,952.	8,801.	681,962,281.
1983	1,283,569.	28,638,742.	745,376,880.	6,095.	775,305,286.
1984	801,572.	33,158,562.	868,318,212.	3,702.	902,282,048.
1985	530,463.	38,812,201.	1,045,850,915.	58,978.	1,085,252,557.

BALANCE SHEET LIABILITIES AND FUND BALANCE

June 30	Accrued Benefits Payable	Accounts Payable	Other Liabilities	Fund Balance	Total
1980	\$ 8,059,244.	\$ 104,554.	\$ 10,085,879.	\$ 504,375,437.	\$ 522,625,114.
1981	8,332,853.	84,940.	1,132,638.	580,789,121.	590,339,552.
1982	8,299,838.	77,953.	1,655,113.	671,929,377.	681,962,281.
1983	10,492,375.	166,389.	13,291.	764,633,231.	775,305,286.
1984	11,364,325.	209,218.	18,997.	890,689,508.	902,282,048.
1985	12,075,059.	207,634.	21,246.	1,072,948,618.	1,085,252,557.

STATISTICAL TABLE
ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND
OPERATING REVENUES AND EXPENSES

FISCAL YEAR ENDING JUNE 30

Operating Revenues	1985	1984	1983	1982	1981	1980
Member Contributions	\$ 44,946,413	\$ 41,848,195	\$ 39,229,831	\$ 37,265,746	\$ 35,804,921	\$ 32,678,916
Employer Contributions.....	180,309,573	134,445,864	95,710,769	118,107,904	110,458,921	97,529,658
Annuity and Disability Refunds....	413,471	351,097	334,219	320,579	332,733	313,575
Investment Income	104,030,866	89,783,884	80,538,889	71,675,080	54,186,172	45,312,912**
Accumulations of Discounts on Investments	2,227,159	2,823,469	2,647,067	2,202,066	2,547,528	-0-
Gain on Sale of Investments—Net	516,603	-0-	6,942,660	-0-	-0-	-0-
Reimbursement of Administrative Expenses	164	253	103	151	12	-0-
Outdated Benefit Checks	30,448	12,595	90,507	-0-	-0-	-0-
Interfund Transfers Received	519,008	670,301	182,102	522,298	218,499	334,934
Total Operating Revenues	\$332,993,705	\$269,935,658	\$225,676,147	\$230,093,824	\$203,548,786	\$176,169,995

Operating Expenses	1985	1984	1983	1982	1981	1980
Annuity and Disability Benefits	\$142,664,419	\$134,083,923	\$124,916,140*	\$116,181,199	\$110,225,525	\$ 99,257,609
Voluntary and Death Withdrawals ...	5,790,200	5,310,644	6,256,435	7,675,957	4,884,687	5,670,103
Refunds—Members/School Units ...	10,251	14,766	24,933	13,837	14,991	18,117
Amortization of Premiums on Investments	647,113	551,273	364,455	180,312	149,035	-0-
Loss on Sale of Investments—Net ...	-0-	2,303,945	-0-	13,504,480	10,134,588	10,404,680
Investment Expenses	587,292	539,559	482,685	323,541	348,084	316,186
Administrative Expenses	673,038	638,120	602,790	626,619	615,106	561,565
Depreciation Expenses	5,199	3,124	3,417	3,685	3,566	-0-
Outdated Benefit Checks Claimed...	1,884	1,944	-0-	-0-	-0-	-0-
Interfund Transfers Made	355,200	429,331	321,439	443,938	764,800	247,237
Total Operating Expenses	\$150,734,596	\$143,876,629	\$132,972,294	\$138,953,568	\$127,140,382	\$116,475,497

* Includes Settlement of Lawsuit amounting to \$1,178,479

** Net After Accumulation of Discounts and Amortization of Premiums on Investments

Interest Rate of Distribution (I.C. 5-10.2-2-4)	10%	10%	9%	9%	9%	8%

STATISTICAL TABLE
ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES

FISCAL YEAR ENDING JUNE 30

	1985	1984	1983
Personal Services:			
Trustees Per Diem	\$ 1,855.00	\$ 1,855.00	\$ 1,750.00
Staff Salaries	400,010.70	368,860.60	356,925.52
Social Security	27,785.56	25,005.48	24,374.90
Retirement	26,747.26	24,376.66	23,732.48
Insurance	32,559.56	27,248.56	23,749.01
Total Services	\$ 488,958.08	\$ 447,346.30	\$ 430,531.91
Professional & Technical Services:			
Actuarial	\$ 12,440.00	\$ 22,636.00	\$ 11,636.00
Data Processing	38,559.50	36,982.77	31,430.62
Audit	8,763.77	6,448.45	4,116.99
Group Health Insurance Consultant	6,802.20	9,011.08	6,333.87
Investment Management	457,365.50	404,245.80	347,504.20
Investment Custodial (<i>Indiana National Bank</i>)	85,944.00	86,591.33	92,105.00
Investment Performance Measurement (<i>Indiana National Bank</i>) ..	4,000.00	4,000.00	4,000.00
Investment Monthly Transaction Tape (<i>Indiana National Bank</i>) ..	1,200.00	2,154.00	-0-
Medical Examination	1,440.00	1,420.00	1,720.00
Total Professional & Technical Services	\$ 616,514.97	\$ 573,489.43	\$ 498,846.68
Communication:			
Printing	\$ 15,501.16	\$ 15,809.37	\$ 16,614.06
Telephone	10,251.29	10,012.07	10,775.85
Postage	73,626.72	74,234.66	77,297.56
Travel	6,359.31	3,518.34	3,449.14
Total Communication	\$ 105,738.48	\$ 103,574.44	\$ 108,136.61
Rentals:			
Equipment Leasing	\$ 2,408.66	\$ 2,414.50	\$ 3,954.04
Total Rentals	\$ 2,408.66	\$ 2,414.50	\$ 3,954.04
Miscellaneous			
Unemployment	\$ -0-	\$ 2,143.00	\$ -0-
Medical—Compensation Cases	-0-	108.45	-0-
Membership & Training	1,325.00	361.25	635.00
Supplies	4,009.28	2,642.49	2,450.77
Maintenance	1,637.78	2,095.20	1,058.63
Bonding	791.00	683.00	683.00
Checking Account Charges (<i>Indiana National Bank</i>)	36,530.06	39,379.00	34,281.00
Investment Other Charges	2,252.00	3,189.01	4,795.21
Depreciation	5,198.98	3,124.17	3,416.74
Total Miscellaneous	\$ 51,744.10	\$ 53,725.57	\$ 47,320.35
Total Administrative and Investment Expenses	\$ 1,265,364.29	\$ 1,180,550.24	\$ 1,088,789.59

STATISTICAL TABLE
ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND
NUMBER OF RETIREES & DISABILITIES
FISCAL YEAR ENDING JUNE 30

Type of Payment	1985	1984	1983	1982	1981	1980
Retirement (Including Survivorship) .	24,169	23,698	23,276	22,929	22,431	21,952
Disability	338	346	356	366	360	351
Total	24,507	24,044	23,632	23,295	22,791	22,303

NUMBER OF RETIREES RECEIVING BENEFITS
FISCAL YEAR ENDING JUNE 30

Gross Benefit Amount	1985	1984	1983	1982	1981	1980
Less Than \$ 100.01	531	557	640	685	704	857
Less Than 200.01	2,813	2,949	3,166	3,444	3,506	4,044
Less Than 300.01	3,654	3,841	4,155	4,340	4,397	4,712
Less Than 400.01	3,833	3,849	3,941	3,986	3,966	4,027
Less Than 500.01	3,398	3,447	3,440	3,475	3,428	3,314
Less Than 600.01	2,985	2,916	2,859	2,759	2,631	2,242
Less Than 700.01	2,363	2,281	2,062	1,895	1,777	1,433
Less Than 800.01	1,797	1,631	1,360	1,121	1,006	722
Less Than 900.01	1,097	928	760	608	526	315
Less Than 1,000.01	724	574	433	320	263	155
Less Than 1,100.01	414	340	212	147	119	58
Less Than 1,200.01	215	169	108	67	48	23
More Than 1,200.01	313	202	117	64	49	34
Total Receiving Benefits	24,137	23,684	23,253	22,911	22,420	21,936

NUMBER OF APPROVED BENEFIT PAYMENTS
FISCAL YEAR ENDING JUNE 30

Type of Payment	1985	1984	1983	1982	1981	1980
Retirement (Including Survivorship) .	1,233	1,126	1,044	1,178	1,113	1,099
Disability	19	20	29	30	31	36
Voluntary Withdrawals	1,713	2,093	2,831	3,584	2,428	3,200
Death Withdrawals	75	85	82	73	59	75

STATISTICAL TABLE
ANNUAL REPORT 1985

Distribution By Age As Of June 30, 1985—Active

		Total Members
20-24		1,766
25-29		6,045
30-34		10,662
35-39		12,927
40-44		9,935
45-49		7,340
50-54		6,047
55-59		4,930
60-64		2,649
65-69		488
70 UP		33

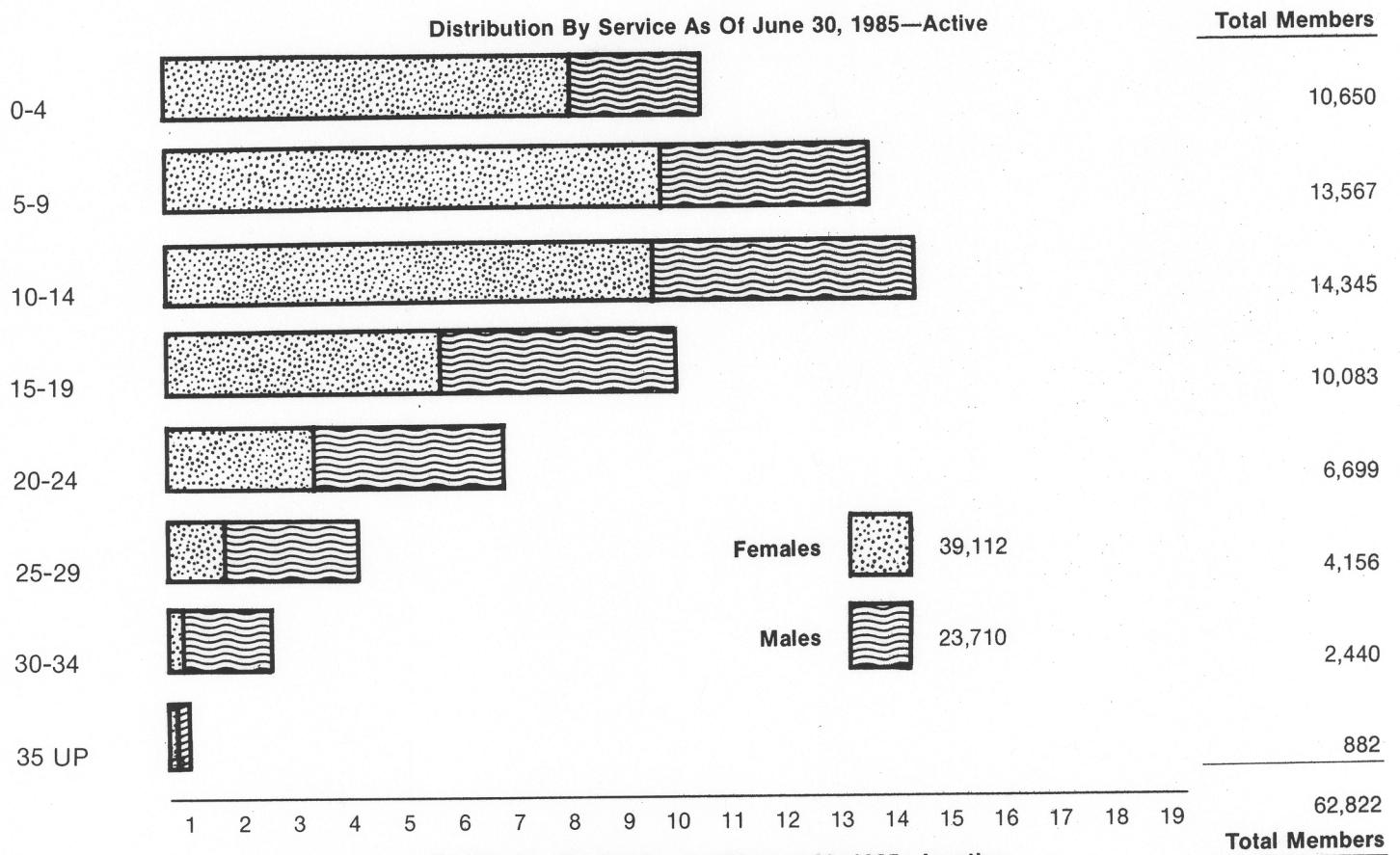
Distribution By Age As Of June 30, 1985—Inactive

		Total Members
20-24		75
25-29		1,368
30-34		3,333
35-39		4,654
40-44		3,592
45-49		2,585
50-54		17,862
55-59		5,783
60-64		1,758
65-69		1,314
70 UP		1,076

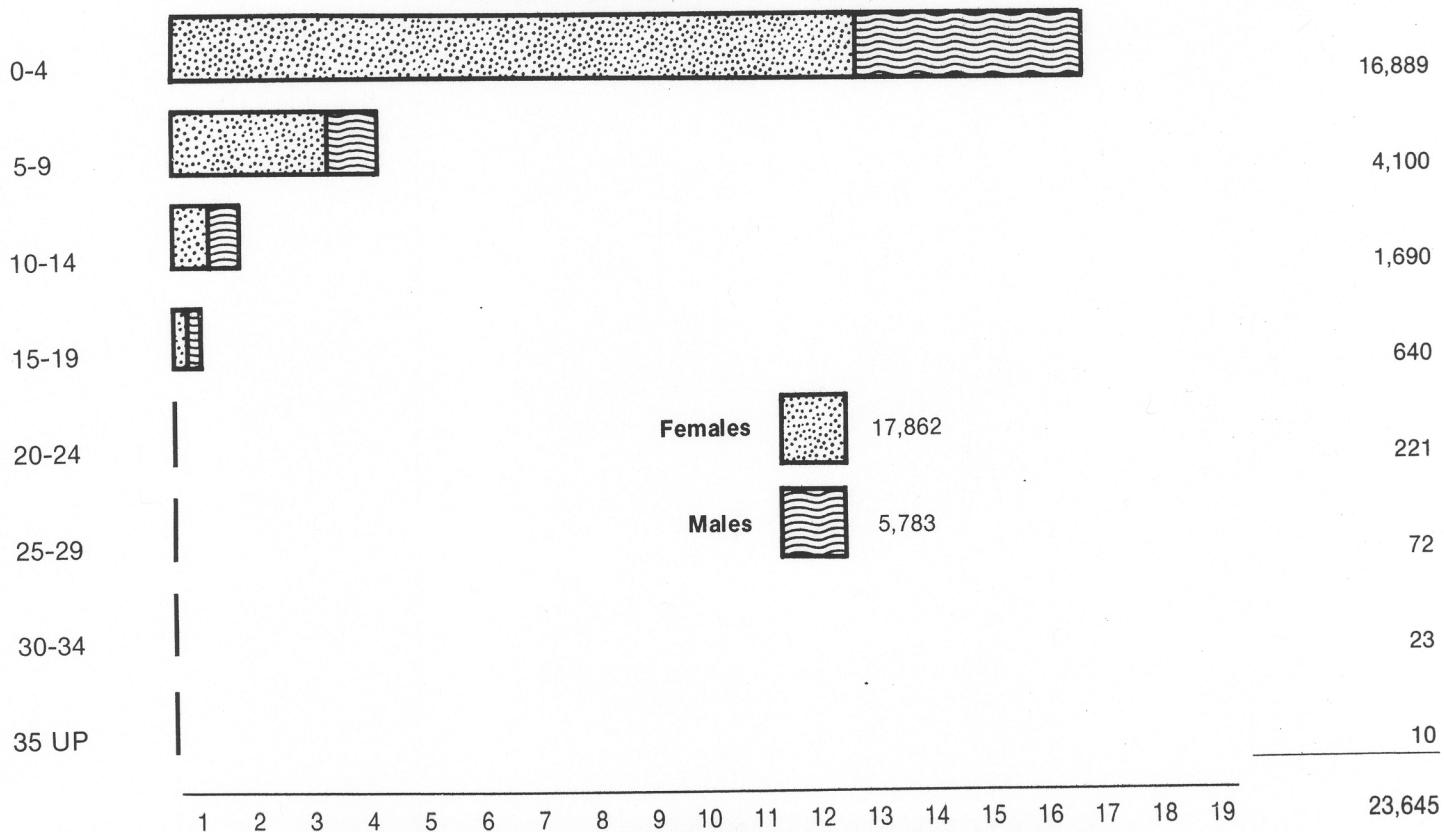
		Total Members
	1 2 3 4 5 6 7 8 9 10 11 12 13	23,645

STATISTICAL TABLE ANNUAL REPORT 1985

Distribution By Service As Of June 30, 1985—Active

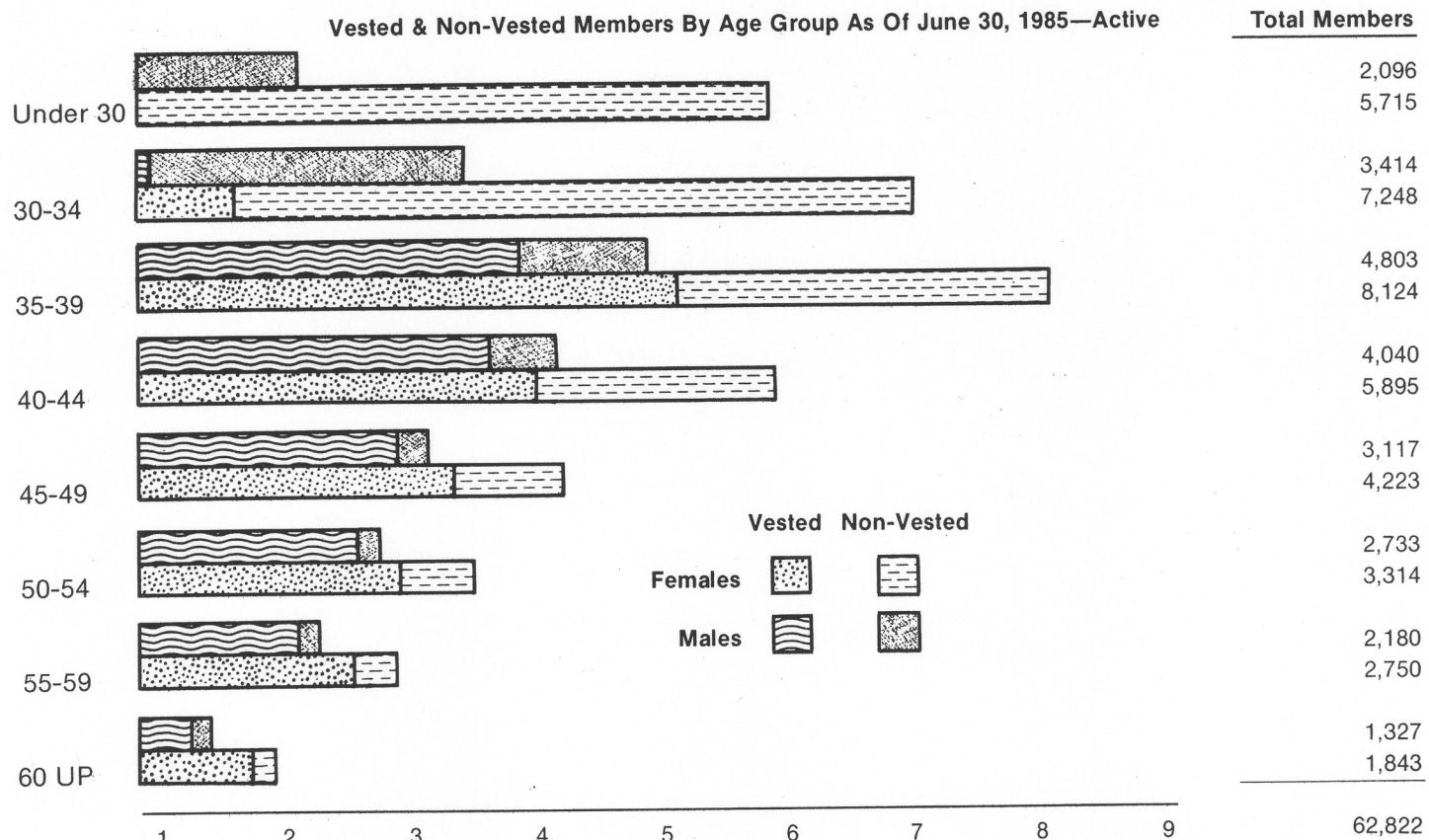


Distribution By Service As Of June 30, 1985—Inactive

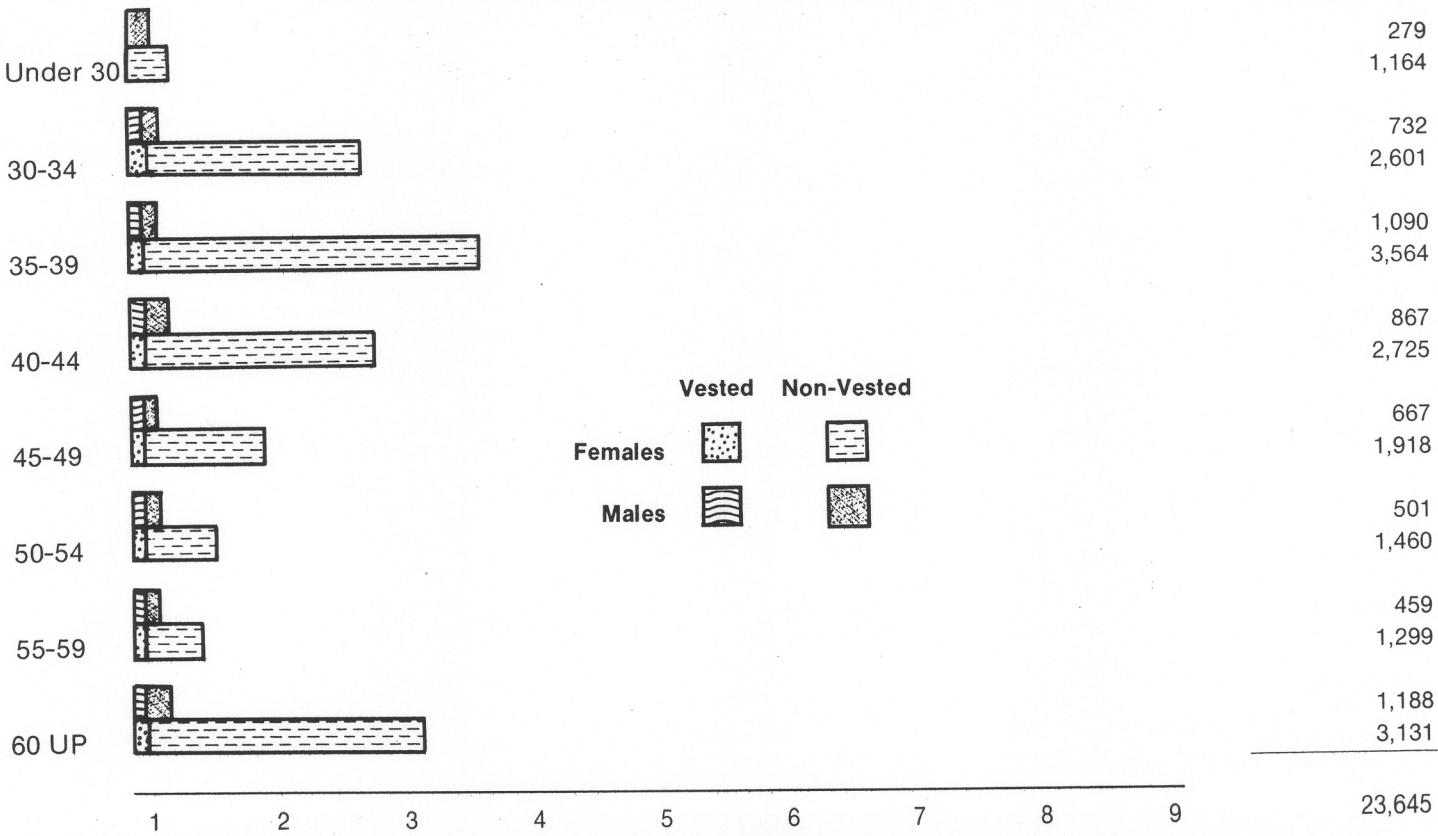


STATISTICAL TABLE
ANNUAL REPORT 1985

Vested & Non-Vested Members By Age Group As Of June 30, 1985—Active



Vested & Non-Vested Members By Age Group As Of June 30, 1985—Inactive



**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
INVESTMENTS**

FISCAL YEAR ENDING JUNE 30

Description	Par Value	Book Value	Market Value
GOVERNMENTS	341,150,000	344,582,316.06	360,334,631.00
GOVERNMENT AGENCIES	277,719,375	272,546,395.57	269,530,293.83
CORPORATES			
Finance	79,791,540	79,546,783.53	81,923,642.45
Industrial	155,850,000	139,046,391.23	142,376,470.00
Public Utility	63,025,000	60,586,959.22	60,289,670.50
Transportation	5,000,000	4,972,673.73	5,499,130.00
GIC's	19,000,000	19,000,000.00	19,000,000.00
Canadian.....	4,500,000	4,509,713.98	4,133,730.00
Total	327,166,540	307,662,521.69	313,222,642.95
SHORT TERM INVESTMENTS			
Repo's	95,095,200	95,095,200.00	95,095,200.00
BA's	13,000,000	12,790,380.78	12,934,624.44
CP	1,500,000	1,496,516.67	1,496,516.67
DN's	10,000,000	9,990,170.62	9,832,080.00
Total	119,595,200	119,372,268.07	119,358,421.11
MORTGAGES	1,429,127	1,427,413.39	1,427,413.39
REAL ESTATE	260,000	260,000.00	309,800.00
Total Investments	1,067,320,242	1,045,850,914.78	1,064,183,202.28
Alliance Capital Management.....	190,100,195	180,790,410.71	186,202,654.47
American Fletcher National Bank	205,354,908	203,740,167.71	202,853,970.42
Bank of New York	185,423,173	184,382,086.27	186,365,031.72
Baxter & Hoops	100,072,879	100,411,621.88	102,434,635.56
The Indiana National Bank	225,709,760	215,455,147.64	221,424,736.72
INB—Main	158,970,200	159,384,067.18	163,164,960.00
Mortgages.....	1,429,127	1,427,413.39	1,427,413.39
Real Estate	260,000	260,000.00	309,800.00
Total Investments	1,067,320,242	1,045,850,914.78	1,064,183,202.28

**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
INVESTMENTS**

FISCAL YEAR ENDING JUNE 30

Description	Par Value	Book Value	Market Value
GOVERNMENTS			
United States Treasury Notes			
13.125% of 8/15/85.....	5,000,000	5,001,329.69	5,035,950.00
10.875% of 2/28/86.....	2,000,000	1,995,967.71	2,041,240.00
11.50% of 3/31/86.....	5,000,000	5,004,287.10	5,135,950.00
11.75% of 4/30/86.....	2,000,000	1,999,869.78	2,063,120.00
9.375% of 5/15/86.....	5,000,000	5,020,922.70	5,067,200.00
12.625% of 5/31/86.....	8,000,000	8,004,567.79	8,327,520.00
14.875% of 6/30/86.....	4,000,000	4,048,505.93	4,270,000.00
11.375% of 8/15/86.....	24,000,000	24,014,674.28	24,832,560.00
12.375% of 8/31/86.....	5,000,000	5,000,365.28	5,229,700.00
11.625% of 10/31/86.....	1,000,000	999,178.33	1,041,560.00
16.125% of 11/15/86.....	3,000,000	3,210,752.29	3,313,110.00
10.375% of 11/30/86.....	5,000,000	5,004,178.02	5,132,800.00
10% of 12/31/86.....	10,000,000	9,890,063.78	10,221,900.00
9% of 2/15/87.....	2,000,000	1,912,658.36	2,015,000.00
12.75% of 2/15/87.....	5,000,000	4,969,812.50	5,310,950.00
10.875% of 2/15/87.....	3,000,000	2,994,835.04	3,104,070.00
10.25% of 3/31/87.....	10,000,000	9,915,572.56	10,262,500.00
12.50% of 5/15/87.....	8,000,000	7,957,204.47	8,520,000.00
STRIPS of 5/15/87.....	4,375,000	3,693,674.14	3,723,475.00
9.125% of 5/31/87.....	5,000,000	5,042,968.75	5,040,600.00
12.375% of 8/15/87.....	2,000,000	2,000,000.00	2,133,120.00
11.125% of 9/30/87.....	1,500,000	1,498,517.40	1,569,375.00
10.125% of 2/15/88.....	10,000,000	9,824,821.61	10,246,900.00
11.375% of 9/30/88.....	3,000,000	2,997,376.79	3,166,860.00
11.75% of 11/15/88.....	5,000,000	5,008,667.56	5,328,100.00
10.625% of 12/31/88.....	8,000,000	7,949,579.94	8,302,480.00
11.375% of 2/15/89.....	10,000,000	10,037,463.24	10,587,500.00
11.75% of 5/15/89.....	10,000,000	10,603,233.07	10,693,700.00
11.875% of 10/15/89.....	5,000,000	5,005,524.56	5,381,250.00
12.75% of 11/15/89.....	3,000,000	3,045,614.90	3,316,860.00
11% of 2/15/90.....	20,000,000	20,036,595.73	20,925,000.00
11.375% of 5/15/90.....	3,000,000	2,998,177.82	3,185,610.00
9.875% of 8/15/90.....	2,500,000	2,490,561.52	2,525,775.00
11.50% of 10/15/90.....	3,500,000	3,454,801.09	3,734,045.00
11.75% of 1/15/91.....	16,000,000	16,965,565.79	17,200,000.00
11.625% of 1/15/92.....	10,000,000	9,997,253.53	10,687,500.00
11.75% of 4/15/92.....	10,000,000	9,982,910.48	10,787,500.00
13.75% of 5/15/92.....	16,900,000	17,937,198.48	19,720,103.00
10.875% of 2/15/93.....	8,000,000	7,876,708.57	8,294,960.00
11.75% of 11/15/93.....	4,775,000	4,800,347.19	5,171,898.00
United States Treasury Bonds			
9% of 2/15/94.....	5,000,000	4,996,758.33	4,671,850.00
8.50% of 5/15/99.....	4,500,000	4,622,006.40	3,912,165.00
10.75% of 5/15/03.....	11,600,000	10,772,803.26	11,701,500.00

**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
GOVERNMENTS**

(Continued)

FISCAL YEAR ENDING JUNE 30

Description	Par Value	Book Value	Market Value
11.125% of 8/15/03.....	2,500,000	2,384,555.49	2,590,625.00
11.875% of 11/15/03	21,000,000	21,520,724.71	22,981,770.00
11.625% of 11/15/04	3,000,000	2,883,770.17	3,245,610.00
11.75% of 2/15/10.....	4,500,000	4,655,166.12	4,950,000.00
12.75% of 11/15/10.....	13,500,000	15,486,917.34	15,837,120.00
12% of 8/15/13	7,000,000	7,067,306.47	7,796,250.00
Total Governments	341,150,000	344,582,316.06	360,334,631.00

GOVERNMENT AGENCIES

FHLB, 11.20% of 10/25/85	1,000,000	1,000,000.00	1,010,310.00
U.S. Federal Aviation Administration			
8.875% of 4/1/86	375,143	375,143.05	378,500.58
8.875% of 4/1/86	428,595	428,594.50	432,430.42
FFCB, 12% of 4/21/86	2,000,000	2,000,000.00	2,042,500.00
FFCB, 12% of 10/20/86	1,000,000	1,000,000.00	1,043,750.00
FHLMC, 12.625% of 8/30/87	2,000,000	2,000,000.00	2,090,620.00
FHLB, 12.05% of 10/26/87	3,000,000	3,016,895.47	3,179,070.00
FFCB, 10.65% of 12/1/87	2,000,000	2,000,000.00	2,065,620.00
FNMA, 10.30% of 2/10/88	900,000	892,659.91	921,096.00
PEFC, 10.25% of 5/31/88	4,800,000	4,800,041.31	4,854,192.00
FNMA, 13.20% of 9/12/88	2,000,000	2,000,000.00	2,190,620.00
FFCB, 11.65% of 1/23/89	1,000,000	1,000,000.00	1,057,500.00
FFCB, 11.15% of 1/22/90	5,000,000	5,042,176.43	5,212,500.00
FHLB, 11.20% of 1/25/90	5,000,000	5,056,235.25	5,231,250.00
SLMA, 10.90% of 2/28/90	4,350,000	4,352,689.12	4,491,375.00
FFCB, 11.35% of 4/20/90	2,000,000	2,000,000.00	2,103,740.00
FHLB, 10.90% of 12/26/90	4,000,000	3,913,439.23	4,155,000.00
PEFC, 14.125% of 6/1/91	2,052,000	2,072,831.15	2,256,276.60
FHLMC, 11.85% of 8/30/91	6,000,000	6,000,000.00	6,037,500.00
FFCB, 10.60% of 10/21/91	2,000,000	2,001,163.32	2,040,000.00
FHLB, 11.40% of 12/26/91	3,000,000	3,000,000.00	3,161,250.00
FHLB, 11.45% of 2/25/92	2,000,000	2,000,000.00	2,107,500.00
FHLB, 11.70% of 4/27/92	1,000,000	991,311.77	1,065,000.00
FNMA, 10.125% of 6/10/92	2,000,000	2,000,000.00	1,993,740.00
FHLB, 10.80% of 3/25/93	2,000,000	2,000,000.00	2,050,000.00
FNMA, 10.875% of 4/12/93	1,000,000	1,000,000.00	1,022,500.00
FNMA, 10.75% of 5/10/93	1,000,000	1,001,715.16	1,016,250.00
FHLB, 11.70% of 7/26/93	3,000,000	2,978,094.11	3,213,750.00
FHLB, 10% of 6/26/95	2,500,000	2,500,000.00	2,464,050.00
FHLMC, 8.55% of 3/15/96	2,433,200	2,447,291.12	2,328,280.42
GNMA # 113598, 12% of 4/15/99.....	964,463	932,072.66	999,125.38
GNMA # 110958, 12% of 7/15/99.....	988,090	954,874.14	1,023,601.60
GNMA # 111647, 12% of 7/15/99.....	993,915	960,500.12	1,029,636.40
FHLMC # 20012, 11% of 5/1/00	3,808,180	3,784,378.65	3,784,378.64
IBR&D, 9.35% of 12/15/00	2,725,000	2,854,062.95	2,430,836.25
FHLMC # 161016, 8.5% of 8/1/06	567,243	547,802.94	491,731.19
GNMA # 14399, 8% of 12/15/06.....	1,393,801	1,305,417.20	1,167,308.44
GNMA # 18077, 8% of 7/15/07	636,536	593,492.94	533,099.23
GNMA # 17873, 8% of 8/15/07	835,268	830,679.77	699,537.02
GNMA # 18491, 8% of 8/15/07	822,395	817,501.06	688,756.06

INVESTMENTS SUMMARY
ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND
GOVERNMENT AGENCIES

(Continued)

FISCAL YEAR ENDING JUNE 30

Description	Par Value	Book Value	Market Value
GNMA # 18802, 8% of 8/15/07	897,840	893,773.46	751,940.61
FHLMC # 161027, 8.25% of 9/1/07	861,249	858,186.02	736,910.86
GNMA # 19795, 8% of 9/15/07	638,874	635,068.14	535,056.69
GNMA # 20066, 8% of 9/15/07	798,882	763,083.34	669,063.82
GNMA # 20201, 8% of 9/15/07	827,062	770,956.21	692,664.17
FHLMC # 161028, 8.25% of 10/1/07	4,407,203	4,382,864.08	3,770,935.31
FHLMC # 161028, 8.25% of 10/1/07	18,818	18,679.08	16,100.90
FHLMC # 161031, 8.25% of 11/1/07	1,237,900	1,190,842.38	1,059,184.03
GNMA # 20627, 8% of 11/15/07	797,604	761,546.97	667,993.14
FHLMC # 161033, 8.25% of 12/1/07	622,692	599,005.59	532,793.52
FHLMC # 161035, 8.5% of 12/1/07	695,788	652,373.44	603,164.65
FHLMC # 161034, 8.5% of 12/1/07	645,247	604,968.40	559,351.45
FHLMC # 161036, 8.5% of 1/1/08	607,657	592,290.96	526,765.87
FHLMC # 17018, 8.5% of 2/1/08	1,319,244	1,278,305.21	1,143,626.23
FHLMC # 161038, 8.5% of 2/1/08	1,286,808	1,246,879.21	1,115,508.29
FHLMC # 17018, 8.5% of 2/1/08	1,319,244	1,256,964.92	1,143,626.23
FHLMC # 161038, 8.5% of 2/1/08	772,085	723,832.42	669,304.97
FHLMC # 161038, 8.5% of 2/1/08	3,217,021	3,133,513.69	2,788,770.73
FHLMC # 17019, 8.5% of 2/1/08	1,885,953	1,838,717.69	1,634,894.93
FHLMC # 17019, 8.5% of 2/1/08	1,571,628	1,530,809.99	1,362,412.44
FHLMC # 161040, 8.75% of 3/1/08	4,608,253	4,522,395.11	4,040,884.53
FHLMC # 161039, 8.5% of 3/1/08	1,911,146	1,863,219.31	1,656,733.81
FHLMC # 161040, 8.75% of 3/1/08	1,974,965	1,933,095.84	1,731,807.65
FHLMC # 161043, 8.75% of 4/1/08	3,273,985	3,218,141.25	2,870,891.96
FHLMC # 161044, 8.5% of 5/1/08	2,074,159	2,009,611.18	1,798,047.12
FHLMC # 161045, 8.75% of 5/1/08	2,050,358	2,012,913.97	1,797,918.27
FHLMC # 161046, 8.75% of 5/1/08	3,395,543	3,323,749.82	2,977,483.74
FHLMC # 161046, 8.75% of 5/1/08	3,395,543	3,323,625.43	2,977,483.74
FHLMC # 161045, 8.75% of 5/1/08	4,784,170	4,685,014.98	4,195,142.63
FHLMC # 161050, 9% of 6/1/08	688,270	680,143.65	610,839.62
FHLMC # 161048, 9% of 6/1/08	4,399,454	4,230,647.13	3,904,515.12
FHLMC # 161054, 9.25% of 7/1/08	3,913,153	3,519,703.65	3,472,923.46
FHLMC # 161059, 9% of 9/1/08	3,687,113	3,636,345.59	3,272,312.78
GNMA # 26786, 9% of 9/15/08	1,681,267	1,679,707.65	1,487,921.25
FHLMC, 9.875% of 3/15/09	4,001,400	3,697,778.64	3,857,589.68
GNMA # 31631, 9% of 5/15/09	729,278	698,892.91	645,411.18
GNMA # 30398, 9% of 6/15/09	890,515	852,492.67	788,105.88
GNMA # 33363, 9.5% of 8/15/09	2,720,120	2,596,293.20	2,485,510.06
GNMA # 90229, 9.5% of 8/15/09	2,844,159	2,778,140.93	2,563,298.53
GNMA # 90720, 9.5% of 8/15/09	1,872,147	1,810,486.11	1,687,272.31
FHLMC, 10% of 9/15/09	4,617,000	4,259,728.96	4,497,235.02
FHLMC, 12.45% of 9/15/09	2,622,000	2,622,000.00	2,800,636.86
GNMA # 34963, 9.5% of 9/15/09	3,432,034	3,275,815.04	3,136,021.10
GNMA # 34964, 9.5% of 9/15/09	2,479,967	2,367,014.18	2,266,069.71
GNMA # 91166, 9.5% of 9/15/09	970,908	948,230.98	875,030.95
FHLMC # 161090, 10.75% of 10/1/09	783,801	772,486.61	753,185.54
GNMA # 90100, 9.5% of 10/15/09	962,503	939,956.60	867,455.50
GNMA # 50837, 11% of 9/15/10	954,737	904,517.93	945,189.45
FHLMC # 250110, 12% of 10/1/10	75,985	74,856.49	76,602.83
FHLMC # 252067, 12.5% of 11/1/10	977,320	988,243.04	1,003,277.74
FHLMC # 186966, 12% of 1/1/11	524,958	517,160.51	529,226.20
FHLMC # 181860, 10% of 4/1/11	2,519,676	2,090,766.20	2,345,667.08
FHLMC # 180154, 12% of 11/1/11	893,315	880,041.53	900,577.76
FHLMC # 180151, 12% of 12/1/11	3,436,201	3,277,304.01	3,464,137.14
GNMA # 58846, 12% of 11/15/12	47,278	46,954.79	48,578.00
FHLMC # 170071, 12.5% of 12/1/12	4,970,501	5,032,256.82	5,102,516.90
GNMA # 61825, 11.5% of 1/15/13	3,812,520	3,730,832.84	3,845,879.35
GNMA # 62928, 11.5% of 2/15/13	915,776	901,484.12	923,788.66

INVESTMENTS SUMMARY
ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND
GOVERNMENT AGENCIES

(Continued)

FISCAL YEAR ENDING JUNE 30

Description	Par Value	Book Value	Market Value
GNMA # 59071, 11.5% of 2/15/13	965,802	950,734.80	974,253.04
GNMA # 59338, 11.5% of 2/15/13	895,662	881,675.54	903,499.32
GNMA # 56682, 11.5% of 3/15/13	1,970,586	1,906,214.43	1,987,828.83
GNMA # 64047, 11.5% of 3/15/13	1,905,149	1,831,347.32	1,921,819.34
GNMA # 63147, 11.5% of 3/15/13	988,875	948,080.41	997,527.95
GNMA # 62839, 11.5% of 3/15/13	989,090	940,816.87	997,744.86
GNMA # 64627, 11.5% of 4/15/13	189,737	189,262.72	191,397.27
GNMA # 62355, 11.5% of 4/15/13	1,935,122	1,930,283.76	1,952,053.87
GNMA # 63153, 11.5% of 4/15/13	971,272	968,843.56	979,770.37
GNMA # 63794, 11.5% of 4/15/13	965,907	963,491.80	974,358.25
GNMA # 66459, 11% of 5/15/13	360,516	341,468.73	356,910.63
GNMA # 59910, 11.5% of 5/15/13	387,396	372,935.63	390,785.37
GNMA # 62001, 11.5% of 5/15/13	967,754	920,516.23	976,222.15
GNMA # 68642, 11.5% of 5/15/13	981,557	950,105.91	990,145.27
GNMA # 59937, 11% of 6/15/13	2,940,782	2,792,447.91	2,911,374.37
GNMA # 68339, 11% of 6/15/13	987,290	937,491.41	977,417.04
GNMA # 58871, 11.5% of 6/15/13	1,932,454	1,860,316.12	1,949,363.09
FHLMC, 11.875% of 6/15/13	9,000,000	8,936,657.26	8,763,750.00
GNMA # 70152, 11.5% of 6/15/13	974,325	933,534.41	982,850.76
GNMA # 060788, 11.5% of 6/15/13	991,648	984,210.78	1,000,325.06
GNMA # 100872, 11.5% of 7/15/13	248,020	237,786.67	250,190.44
GNMA # 65169, 11.5% of 7/15/13	302,176	287,426.45	304,820.48
GNMA # 100590, 11.5% of 7/15/13	991,680	984,242.70	1,000,357.50
FHLMC # 251016, 12.5% of 8/1/13	2,933,795	2,966,605.11	3,011,716.38
GNMA # 60206, 11.5% of 8/15/13	975,384	926,944.41	983,918.23
FHLMC # 188561, 12% of 9/1/13	482,604	475,450.84	486,527.32
FHLMC # 185740, 12.5% of 9/1/13	907,060	917,204.46	931,151.62
GNMA # 106060, 10% of 9/15/13	990,924	861,551.97	933,946.28
GNMA # 112569, 11.5% of 9/20/13	1,807,041	1,808,734.85	1,822,852.35
GNMA # 102267, 11.5% of 10/20/13	1,512,500	1,506,828.00	1,525,734.24
FHLMC # 250109, 12% of 11/1/13	191,256	188,412.46	192,811.09
FHLMC # 252398, 12% of 12/1/13	809,418	797,383.15	815,998.99
GNMA # 00060, 10% of 12/20/13	66,238	57,373.89	62,429.37
FHLMC # 187724, 12.5% of 1/1/14	58,467	59,120.45	60,019.40
GNMA # 106882, 11.5% of 1/15/14	242,812	233,406.16	244,936.86
GNMA # 106167, 12% of 1/15/14	33,458	33,229.38	34,378.16
FHLMC # 250707, 12% of 4/1/14	465,965	459,035.73	469,753.18
FHLMC # 252662, 12% of 4/1/14	460,176	453,336.65	463,917.54
GNMA # 107684, 12% of 4/15/14	920,521	914,229.31	945,835.81
GNMA # 106983, 10% of 7/15/14	995,580	865,571.24	938,333.69
GNMA # 110339, 10% of 7/15/14	1,016,187	883,487.74	957,756.30
GNMA # 000173, 10% of 7/20/14	937,799	812,278.37	883,875.90
FHLMC # 251084, 12.5% of 9/1/14	2,041,185	2,084,559.76	2,095,398.45
FHLMC # 170106, 12.5% of 11/1/14	974,656	985,555.94	1,000,542.66
GNMA # 117992, 10% of 11/15/14	1,017,577	884,695.84	959,065.94
FHLMC # 17107, 12.5% of 12/1/14	5,095,638	5,203,920.24	5,230,978.07
FHLMC # 252046, 12% of 1/1/15	49,964	49,220.66	50,370.01
GNMA # 127222, 12% of 3/15/15	999,018	992,188.28	1,026,491.22
FHLMC # 253793, 12% of 4/1/15	926,766	912,980.46	934,300.61
FHLMC # 253828, 12% of 4/1/15	5,039,987	4,965,018.27	5,080,962.48
FHLMC # 170121, 12.5% of 5/1/15	9,987,863	10,212,589.92	10,253,140.64
GNMA # 125357, 12% of 5/15/15	1,022,633	1,015,641.41	1,050,755.40
FHLMC # 254645, 12.5% of 6/1/15	3,020,000	3,084,175.00	3,100,211.20
Total Agencies	277,719,378	272,546,395.57	269,530,293.83

**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
CORPORATES
FINANCE**

Description	Par Value	Book Value	Market Value
Sears, 14.55% of 9/2/85	2,000,000	2,000,000.00	2,022,960.00
Sears, 14.55% of 9/2/85	500,000	500,000.00	505,740.00
Paccar, 11.25% of 6/12/86	2,000,000	2,000,000.00	2,000,000.00
GMAC, 12.45% of 10/15/86	1,500,000	1,502,548.93	1,570,575.00
GMAC, 11.875% of 11/1/86	2,000,000	1,997,178.83	2,066,540.00
Chevron, 12.75% of 8/1/87	3,500,000	3,495,283.18	3,694,985.00
Maryland National, 10.85% of 1/29/88	3,000,000	3,000,000.00	3,240,330.00
GMAC, 10.375% of 4/15/88	2,000,000	1,995,967.34	2,022,600.00
IBM, 9.875% of 5/15/88.....	3,000,000	2,992,349.59	2,930,370.00
Chevron, 11.75% of 11/1/88	2,000,000	2,000,000.00	2,080,200.00
GMAC, 10.5% of 4/15/89	3,000,000	3,030,783.22	3,044,580.00
Equitable, 13.75% of 7/1/89.....	1,791,540	1,789,747.95	1,957,257.45
H.O.S&L, 12.35% of 10/15/89	3,000,000	3,004,774.73	3,186,720.00
Avco, 11.125% of 2/1/90.....	3,000,000	3,003,378.66	3,066,300.00
IBM, 9.625% of 6/15/90.....	5,000,000	5,000,000.00	5,000,000.00
CIT, 10.75% of 4/15/91	2,000,000	1,997,604.17	2,000,000.00
Xerox, 15.25% of 5/15/91	1,000,000	1,055,809.67	1,126,780.00
Xerox, 16% of 9/15/91	1,000,000	1,080,508.05	1,154,600.00
American Express, 11.625% of 12/1/93	2,000,000	1,995,369.81	2,092,760.00
Credithrift, 13% of 1/15/94	1,000,000	1,006,894.89	1,023,190.00
Texaco, 13.625% of 8/1/94	2,000,000	1,992,798.03	2,240,080.00
Beneficial, 12.75% of 8/15/94	3,000,000	3,050,611.67	3,315,000.00
Philadelphia Savings, 12% of 11/15/90	2,500,000	2,497,082.82	2,701,075.00
Ford, 11% of 6/1/95	3,000,000	3,011,062.65	3,033,750.00
Associates, 12.4% of 10/1/95	3,000,000	3,041,917.23	3,282,360.00
Bank America, 11.375% of 2/1/96	3,000,000	3,022,514.49	3,058,710.00
Chase Manhattan, 8.875% of 5/28/96.....	2,000,000	1,992,771.75	2,000,000.00
Merrill Lynch, 11.25% of 4/15/97	3,000,000	3,022,832.11	3,129,120.00
Ford, 12.25% of 9/15/98	3,000,000	3,108,749.64	3,155,550.00
Chemical, 8.4% of 4/15/99.....	1,000,000	916,560.93	790,670.00
Texaco, 11.25% of 3/1/00.....	3,000,000	2,948,177.85	3,112,500.00
GMAC, 9.4% of 7/15/04	2,000,000	1,788,916.93	1,704,940.00
Bank America, 8.35% of 5/15/07	1,000,000	758,470.19	740,300.00
Beneficial, 8.4% of 5/15/08	2,000,000	1,997,169.53	1,983,120.00
Citicorp, 10.875% of 6/15/10.....	2,000,000	1,948,948.69	1,889,980.00
Total Finance	79,791,540	79,546,783.53	81,923,642.45

**CORPORATES
Industrial**

K-Mart, 9.875% of 7/15/85	2,000,000	1,999,886.03	2,001,720.00
International Paper, 14.5% of 2/1/86	1,000,000	1,000,000.00	1,029,220.00
Time, 9.625% of 9/15/86.....	2,000,000	1,998,875.70	2,015,820.00

**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
INDUSTRIALS**

(Continued)

FISCAL YEAR ENDING JUNE 30

Description	Par Value	Book Value	Market Value
Marathon, 10.25% of 7/15/87	2,000,000	2,000,000.00	2,012,480.00
Wells Fargo, 12% of 10/31/87	3,000,000	2,997,179.85	3,122,730.00
Associated Drygoods Corporation, 11.25% of 11/1/87	2,000,000	2,000,000.00	2,058,800.00
Sec. Pac., 11.625% of 2/1/88	2,000,000	2,026,228.70	2,081,360.00
InterNorth, 10.75% of 2/1/89	3,000,000	2,997,372.70	3,030,180.00
Owens Illinois, 10.375% of 6/1/90	2,000,000	2,005,880.37	2,001,560.00
St. Regis, 10% of 6/15/90	2,000,000	1,993,772.94	1,973,180.00
Pembroke, 14% of 6/1/91	2,000,000	1,994,164.32	2,188,660.00
Upjohn, 14% of 6/1/91	1,000,000	1,003,578.10	1,091,660.00
Penney's, 13.75% of 6/15/91	1,000,000	997,859.11	1,100,050.00
Southern Natural Gas, 15% of 12/1/91	2,000,000	1,978,048.44	2,158,420.00
McDermott, 7.9375% of 3/19/92	3,000,000	2,978,572.69	3,000,000.00
Abbott, 11% of 2/1/93	2,000,000	2,019,568.25	2,045,800.00
Alaska State Housing Authority, 12.875% of 12/1/93	2,000,000	2,042,813.86	2,144,340.00
Pillsbury, 11.5% of 4/15/95	3,000,000	3,000,000.00	3,147,990.00
Scott Paper, 10.5% of 5/15/95	3,000,000	3,000,000.00	3,000,000.00
DCS Cap., 12.375% of 10/15/96	2,000,000	1,992,499.09	2,167,500.00
Phillips, 8.875% of 11/15/00	2,000,000	1,578,542.27	1,594,700.00
General Foods, 6% of 6/15/01	4,000,000	2,216,177.60	2,479,080.00
Phillip Morris, 6% of 7/15/01	4,000,000	2,178,682.78	2,459,480.00
Sears, 7% of 11/15/01	4,000,000	2,573,757.98	2,739,760.00
DuPont, 6% of 12/1/01	4,000,000	2,247,703.69	2,479,760.00
Baker International, 6% of 3/15/02	4,000,000	2,143,486.85	2,359,440.00
Humana, 13.5% of 4/1/02	3,000,000	3,057,197.19	3,135,600.00
Texas O & G, 11.5% of 11/1/02	2,000,000	1,983,184.64	2,014,300.00
Smith International, 9.85% of 5/15/04	1,500,000	1,500,054.05	1,326,045.00
Mobil, 14.4% of 6/15/04	3,000,000	3,201,694.28	3,348,210.00
Mobil, 13.765% of 9/15/04	2,000,000	2,031,141.83	2,192,620.00
Texas Instruments, 12.7% of 2/1/05	2,000,000	2,037,270.34	2,110,480.00
Texaco, 8.875% of 5/1/05	2,000,000	2,116,656.52	1,618,740.00
Bendix, 11.2% of 5/15/05	1,500,000	1,271,490.03	1,458,990.00
Chevron, 8.75% of 7/1/05	2,000,000	1,828,949.41	1,618,580.00
Signal, 11.75% of 7/15/05	2,000,000	2,000,000.00	2,030,700.00
Celanese, 11.875% of 7/15/05	2,000,000	1,881,381.16	2,018,820.00
Engelhard, 11.75% of 8/1/05	2,000,000	1,991,992.68	2,030,500.00
Sears, 8% of 4/1/06	2,000,000	1,584,801.72	1,519,580.00
Texaco, 8.5% of 4/1/06	2,000,000	1,689,950.17	1,554,440.00
Penney's, 6% of 5/1/06	4,000,000	1,971,016.60	2,319,160.00
Kerr-McGee, 8.5% of 6/1/06	1,000,000	1,028,357.44	764,120.00
National Steel, 8.375% of 8/1/06	1,000,000	1,009,748.73	651,540.00
Shell, 8% of 4/15/07	1,300,000	909,925.39	979,472.00
Caterpillar, 6% of 5/1/07	2,100,000	1,061,768.56	1,138,830.00
Amoco, 7.875% of 8/1/07	1,000,000	997,218.34	758,860.00
Monsanto, 8.75% of 5/15/08	2,000,000	1,735,397.27	1,605,040.00
Beatrice, 8.5% of 8/15/08	1,000,000	964,831.42	774,770.00
Tex. East., 12.75% of 9/15/08	2,300,000	2,289,000.50	2,442,508.00
Union Carbide, 9.35% of 8/15/09	2,000,000	2,000,000.00	1,590,760.00
ARCO, 11.375% of 5/1/10	2,000,000	1,901,234.72	1,970,880.00
Federated Department Stores, 10.25% of 6/15/10	2,000,000	2,019,734.22	1,872,860.00
St. Regis, 10.625% of 6/15/10	3,000,000	2,353,658.49	2,707,080.00
American Can Company, 11.375% of 7/1/10	2,000,000	1,989,465.19	1,893,920.00

**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
INDUSTRIALS**

(Continued)

FISCAL YEAR ENDING JUNE 30

Description	Par Value	Book Value	Market Value
Alcoa, 13.875% of 1/15/11	3,000,000	3,187,739.78	3,289,650.00
Honeywell, 14.125% of 2/1/11	5,000,000	5,487,796.22	5,674,900.00
Eaton, 7% of 4/1/11	3,000,000	1,653,462.22	1,889,580.00
Shell, 14.25% of 6/15/11	3,000,000	3,110,027.80	3,472,350.00
Kerr-McGee, 7% of 11/1/11	4,250,000	2,466,743.93	2,593,435.00
Dayton-Hudson Corporation, 10.75% of 5/1/13	2,000,000	1,909,284.25	1,922,860.00
Sohio, 10.875% of 5/1/13	2,000,000	1,856,190.96	1,903,420.00
Tenneco, 11.125% of 5/15/13	2,000,000	1,709,098.83	1,897,460.00
American Medical, 12.875% of 1/15/14	3,000,000	2,982,085.98	3,223,260.00
Archer Daniels, 13% of 8/1/14	3,000,000	3,036,866.20	3,253,740.00
Ralston Purina, 12.875% of 10/15/14	2,000,000	2,085,104.98	2,176,740.00
Sears, 11.875% of 12/1/14	1,500,000	1,553,217.87	1,555,860.00
K-Mart, 12.75% of 3/1/15	2,400,000	2,637,000.00	2,592,120.00
Total Industries	155,850,000	139,046,391.23	142,376,470.00

Public Utility

Continental Telephone of California, 13.5% of 6/30/87	1,000,000	1,006,197.19	1,072,970.00
Indiana Gas Company, 11.6% of 7/15/90	1,000,000	1,000,000.00	1,017,640.00
Internorth, 10.75% of 8/1/90	2,000,000	1,998,486.31	2,018,920.00
Houston Natural Gas, 11.875% of 10/15/91	5,000,000	5,017,719.86	5,134,100.00
Pacific Gas & Electric, 14% of 8/1/94	3,000,000	3,089,956.83	3,377,280.00
Southern Natural Gas, 11.375% of 11/15/94	2,000,000	1,994,150.31	2,036,820.00
Pennsylvania Power & Light, 9.75% of 11/1/05	1,500,000	1,488,797.69	1,269,255.00
American Telephone & Telegraph Company, 8.625% of 2/1/07	3,000,000	3,101,450.23	2,375,310.00
Southwestern Bell, 6.75% of 6/1/08	2,000,000	1,296,582.38	1,253,700.00
Texas Power & Light, 9.375% of 2/1/09	2,000,000	2,002,373.43	1,642,800.00
General Telephone of the Southwestern, 12.25% of 11/1/09	2,100,000	2,093,462.17	2,172,639.00
Florida Power & Light, 12.125% of 11/1/09	2,400,000	2,352,532.05	2,451,408.00
Southwestern Electric Power, 11.875% of 1/1/10	2,225,000	2,202,792.92	2,274,350.50
Florida Power & Light, 12.375% of 3/1/13	2,000,000	2,009,222.74	2,092,560.00
Houston Lighting & Power, 12.375% of 3/15/13	4,000,000	3,972,328.82	4,101,880.00
Northern States Power, 10.875% of 5/1/13	2,000,000	1,930,218.65	1,919,520.00
Cleveland Electric Illumination, 12.25% of 6/1/13	2,000,000	1,951,279.61	1,976,180.00
Pacific Gas & Electric, 12% of 2/1/16	2,000,000	1,962,548.67	2,024,040.00
Southwestern Bell, 8.5% of 3/15/16	3,000,000	2,218,116.45	2,261,310.00
Northwestern Bell, 9.5% of 8/15/16	3,000,000	2,429,028.15	2,536,980.00
Southern Bell, 8.125% of 5/1/17	1,000,000	920,522.51	730,500.00
Mountain States Telephone & Telegraph, 8.625% of 4/1/18	500,000	492,442.79	383,035.00
New York Telephone, 11.625% of 8/1/19	2,000,000	1,939,519.22	2,003,720.00
Mountain States Telephone & Telegraph, 11.25% of 11/1/19	1,500,000	1,503,209.83	1,449,030.00
Southern Bell, 10.9% of 12/1/19	4,300,000	4,002,785.73	4,097,083.00
Southwestern Bell, 11.375% of 1/15/20	2,000,000	1,985,519.33	1,961,720.00
Pacific Telephone & Telegraph, 12.35% of 7/15/20	1,500,000	1,366,965.35	1,555,500.00
Mountain States Telephone & Telegraph, 12.25% of 2/1/25	3,000,000	3,258,750.00	3,099,420.00
Total Public Utility	63,025,000	60,586,959.22	60,289,670.50

**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
INDUSTRIALS**

(Continued)

FISCAL YEAR ENDING JUNE 30
Transportation

Description		Par Value	Book Value	Market Value
Union Pacific, 13.15% of 11/1/94.....	3,000,000	3,008,649.19	3,455,250.00	
Union Pacific, 11.875% of 9/1/10.....	2,000,000	1,964,024.54	2,043,880.00	
Total Transportation	5,000,000	4,972,673.73	5,499,130.00	

Guaranteed Investment Contracts

Hartford, 11.88% of 10/11/85	1,000,000	1,000,000.00	1,000,000.00
Continental, 11.8% of 10/15/85	3,000,000	3,000,000.00	3,000,000.00
New York, 12.11% of 2/27/86	3,000,000	3,000,000.00	3,000,000.00
Union Central Insurance Company, 12.03% of 3/28/86	1,000,000	1,000,000.00	1,000,000.00
Union Central Insurance Company, 11.53% of 4/29/86	1,000,000	1,000,000.00	1,000,000.00
Southwestern, 10.55% of 1/31/87	3,000,000	3,000,000.00	3,000,000.00
Northwestern, 12.35% of 2/28/87	3,000,000	3,000,000.00	3,000,000.00
Pacific, 11.88% of 3/2/87	3,000,000	3,000,000.00	3,000,000.00
New York, 10.6% of 6/3/88	1,000,000	1,000,000.00	1,000,000.00
Total GIC's	19,000,000	19,000,000.00	19,000,000.00

Canadian

Hydro-Quebec, 10% of 11/15/05	500,000	497,024.08	446,670.00
Ontario, 9.25% of 11/15/05	1,000,000	1,022,968.63	855,070.00
Manitoba, 9.25% of 1/15/06.....	1,000,000	985,081.67	840,870.00
Nova Scotia, 11.5% of 5/15/13	2,000,000	2,004,639.60	1,991,120.00
Total Canadian	4,500,000	4,509,713.98	4,133,730.00

TOTAL CORPORATES	327,166,540	307,662,521.69	313,222,642.95
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SHORT TERM INVESTMENTS

**Government Collateralized
Repurchase Agreements**

Indiana National Bank	63,095,200	63,095,200.00	63,095,200.00
Salomon Brothers:			
7.2% pf 7/1/85	12,000,000	12,000,000.00	12,000,000.00
7.2% of 7/2/85	8,000,000	8,000,000.00	8,000,000.00
7.5% of 7/2/85	12,000,000	12,000,000.00	12,000,000.00
Total Repos	95,095,200	95,095,200.00	95,095,200.00

**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
INDUSTRIALS**

(Continued)

FISCAL YEAR ENDING JUNE 30
Bankers Acceptances

Description	Par Value	Book Value	Market Value
Rep. National New York, 7.5% of 7/8/85	2,000,000	1,981,250.00	2,006,046.20
Citibank, 7.95% of 7/9/85	2,000,000	1,975,708.33	2,002,576.34
Man. Han., 8% of 7/19/85	2,000,000	1,968,000.00	1,995,037.04
Texas Comm., 7.9% of 8/6/85	1,000,000	981,786.11	995,135.64
Chase Manhattan, 8.02% of 8/21/85	2,000,000	1,953,216.67	1,980,321.33
Valley National, 7.5% of 8/30/85	2,000,000	1,959,166.67	1,984,257.89
F.N.B. Chicago, 7.5% of 9/3/85	2,000,000	1,971,250.00	1,971,250.00
Total BA's	13,000,000	12,790,377.78	12,934,624.44

Commercial Paper

Port Gibson, 7.6% of 7/8/85	1,500,000	1,496,516.67	1,496,516.67
Total CP	1,500,000	1,496,516.67	1,496,516.67

Discount Notes

FHLMC, 8.15% of 7/18/85	6,000,000	5,998,981.13	5,896,800.00
FNMA, 7.35% of 8/20/85	4,000,000	3,991,189.49	3,935,280.00
Total Discount Notes	10,000,000	9,990,170.62	9,832,080.00
TOTAL S. T. INVESTMENTS	119,595,200	119,372,265.07	119,358,421.11

MORTGAGES

Whiting Air Force Base # 63-81011, 4.5% of 11/1986	165,762.44	165,059.62	165,059.62
# 63-81013, 4.5% of 9/1986	147,531.90	146,520.89	146,520.89
Columbus, IN Post Office 7.5% of 5/2000	1,115,832.88	1,115,832.88	1,115,832.88
TOTAL MORTGAGES	1,429,127.22	1,427,413.39	1,427,413.39

**INVESTMENTS SUMMARY
ANNUAL REPORT 1985**

**INDIANA STATE TEACHERS' RETIREMENT FUND
INDUSTRIALS**

(Continued)

FISCAL YEAR ENDING JUNE 30

REAL ESTATE

Description	Par Value	Book Value	Market Value
Columbus Post Office.....	260,000	260,000.00	309,800.00
TOTAL REAL ESTATE	260,000	260,000.00	309,800.00
TOTAL INVESTMENTS	1,067,320,245.22	1,045,850,911.78	1,064,183,202.28

GABRIEL, ROEDER, SMITH & COMPANY

ACTUARIES & CONSULTANTS

2090 First National Building
Detroit, Michigan 48226
Area 313: 961-3346

December 13, 1985

The Board of Trustees
Indiana State Teachers Retirement Fund
Indianapolis, Indiana

Ladies and Gentlemen:

We hereby certify that the most recent actuarial valuations of active and retired lives of the Indiana State Teachers Retirement Fund, as of June 30, 1983 and June 30, 1985, respectively, were made in accordance with generally recognized actuarial methods.

It is our opinion that the actuarial information contained in the valuation report is complete and accurate, being based upon the following:

- (i) Data furnished by the Executive Secretary of ISTRF concerning active and inactive members, retirants, beneficiaries and financial information. This data was not audited by us but was checked for completeness, reasonableness and year-to-year consistency.
- (ii) Assumptions, adopted by the Board of Trustees after consultation with the actuary, which relate to the experience of the Fund and produce results which we believe are reasonable.

The results of the valuation as shown in our reports reflect that employer contributions have been based on amounts needed for cash benefit payments.

A more sound financial objective would be to contribute amounts which, expressed as percents of active member payroll, will remain level from generation to generation of Indiana citizens, pursuant to IC Sec. 5-10.2-2-11. The actuarial valuation was made in accordance with the principles of this financial objective.

Respectfully submitted,

Sandra W. Rodwan *R.G. Roeder*
Sandra W. Rodwan Richard G. Roeder

Members

American Academy of Actuaries

ACTUARIAL REPORT ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND SUMMARY OF VALUATION RESULTS

JUNE 30, 1983

I. Unfunded Actuarial Accrued Liabilities

Accrued liabilities are the present value of benefits the Fund promises to pay in the future based upon service already rendered—a liability has been established (“accrued”) because the service has been rendered, but the resulting monthly cash benefits may not be payable until years in the future. If accrued liabilities at any time exceed the Fund's accrued assets (cash & investments), the difference is **unfunded accrued liabilities**.

ACTUARIAL ACCRUED LIABILITIES: COMPUTED & UNFUNDED

Amounts at June 30, 1983	Retired Lives*	Active & Inactive Members	ISTRF Total
Computed accrued liabilities	\$ 1,042,729,584	\$ 2,294,842,301	\$ 3,337,571,885
Reported assets	220,447,081	544,186,150	764,633,231
Unfunded Accrued Liabilities	\$ 822,282,503	\$ 1,750,656,151	\$ 2,572,938,654

* As of June 30, 1985, computed accrued liabilities for retired lives were \$1,198,373,664, reported assets were \$360,036,868 and unfunded accrued liabilities were \$838,336,796.

ACTUARIAL REPORT ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND SUMMARY OF VALUATION RESULTS

(continued)

JUNE 30, 1983

II. Test of Financial Condition

If the contributions to ISTRF are level in concept and soundly executed, the Fund will pay all promised benefits when due — the ultimate test of financial soundness. Testing for level contribution rates is the long term test.

A short condition test is one means of checking a fund's progress under its funding program. In a short condition test, the fund's present assets (cash and investments) are compared with:

- 1) Active member contributions on deposit;
- 2) The liabilities for future benefits to present retired lives;
- 3) The liabilities for service already rendered by active members.

In a fund that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the Fund. Liability 3 being fully funded is rare.

The schedule following illustrates the history of liability 2 of the Fund:

COMPUTED ACTUARIAL ACCRUED LIABILITIES

June 30	(1) Member Contributions	(2) Retired Lives**	(3) Present Members (Employer Financed Portion)		Valuation Assets	Portion of Accrued Liabilities Covered by Assets		
			(\$ in Millions)			(1)	(2)**	(3)
1975*#.....	\$ 216	\$ 451	\$ 903		\$ 312	100%	21%	0%
1977#.....	265	634	1,246		375	100	17	0
1979*#.....	324	777	1,481		466	100	18	0
1980.....	373	838	1,632		539	100	18	0
1981.....	423	885	1,649		601	100	20	0
1983*.....	544	1,043	1,751		764	100	21	0

@ The principal reason for retired lives not being 100% funded is the employer's cash disbursment contribution pattern—an increasing contribution pattern.

* Revised assumptions.

Legislated benefit increase.

** As of June 30, 1985, computed actuarial accrued liabilities for retired lives were \$1,198,373,664. The portion of accrued liabilities covered by assets was 30%.

ACTUARIAL REPORT ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND SUMMARY OF VALUATION RESULTS

(continued)

JUNE 30, 1983

III. Computed Employer Contribution Rates — June 30, 1983

Contributions for:	EMPLOYER CONTRIBUTIONS AS % OF ACTIVE PAYROLL		
	Prevent UAAL Growth	40 Year Amortization of UAAL	
Normal Cost:			
Age & service pensions.....	6.01%	6.01%	
Disability & death-in-service.....	0.49	0.49	
Totals.....	6.50	6.50	
Unfunded Actuarial Accrued Liabilities (UAAL):			
Active and inactive teachers.....	2.46	4.73	
(\$ millions unfunded).....	(\$1,751)	(\$1,751)	
Retirants & beneficiaries.....	1.15	2.22	
(\$ millions unfunded).....	(\$822)	(\$822)	
Totals.....	3.61	6.95	
(\$ millions unfunded).....	(\$2,573)	(\$2,573)	
COMPUTED EMPLOYER CONTRIBUTIONS:	10.11%	13.45%	

Schedule 7 above shows two optional financing methods for unfunded actuarial accrued liabilities:

- (i) Preventing growth of the unfunded actuarial liabilities. This method will keep the unfunded actuarial accrued liabilities from increasing as a % of member payroll, assuming full normal cost is also contributed and if future actual experience is no worse than future assumed experience; and
- (ii) Amortizing unfunded actuarial accrued liabilities as a level percent of payroll over a period of 40 years.

ACTUARIAL REPORT ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND SUMMARY OF VALUATION RESULTS

(continued)

JUNE 30, 1983

IV. Valuation Data

The June 30, 1983 actuarial valuation was based on the following data:

RETIRANTS AND BENEFICIARIES*

	<u>Number</u>	<u>Annual Allowances</u>
Men.....	5,874	\$ 38,823,528
Women.....	17,757	<u>90,103,704</u>
Total.....	23,631	\$ 128,927,232

ACTIVE MEMBERS

	<u>Number</u>	<u>Annual Payroll</u>	<u>Averages*</u>
	<u>Age</u>	<u>Service</u>	
Men.....	24,670	\$ 595,226,314	42.3 yrs.
Women.....	39,610	<u>754,834,985</u>	40.3 yrs.
Total.....	64,280	\$ 1,350,061,299	41.1 yrs.
			13.3 yrs.

*Averages are not used in the valuation process but are shown for general interest.

FINANCIAL INFORMATION

	<u>Type of Assets</u>	<u>Amount</u>
Member Reserves:		
Active and Inactive.....	\$ 544,186,150
Retired.....	<u>142,026,862</u>
Total.....	\$ 686,213,012
Employer Reserves:		
Active.....	\$ none
Retired.....	<u>78,420,219</u>
Total.....	\$ 78,420,219

As of June 30, 1985, retired life reserves were \$360,036,868.

ACTUARIAL REPORT ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND SUMMARY OF BENEFIT PROVISIONS

LAST CHANGED 7/1/85

Regular Retirement (no reduction factor for age):

Eligibility—Age 65 with 10 years service.

Mandatory Retirement Age—none.

Annual Amount—State pension equal to total service times 1.1% of final average salary; plus, an annuity purchased by the member's accumulated contributions.

Type of Final Average Salary—Average of highest 5 years.

Early Retirement (age reduction factor used):

Eligibility—Age 50 with 15 or more years service.

Annual Amount—State pension is computed as regular retirement benefit but reduced 1/10 of 1% for each month age at retirement is between 60 and 65 and 5/12 of 1% for each month under age 60.

Deferred Retirement (vested benefit):

Eligibility—10 years of service. Benefit commences at age 65, or at age 50 if member had 15 or more years of service.

Annual Amount—Computed as a regular retirement benefit with state pension based on service and final average salary at termination.

Duty Disability Retirement: Same as Non - Duty Disability shown below.

Non—Duty / Disability Retirement:

Eligibility—5 years of service.

Annual Amount—\$125 per month plus \$5 for each year of service credit over 5 years.

ACTUARIAL REPORT ANNUAL REPORT 1985

INDIANA STATE TEACHERS' RETIREMENT FUND SUMMARY OF BENEFIT PROVISIONS

(continued)

LAST CHANGED 7/1/85

Duty Death Before Retirement:

Eligibility—15 years of service. Spouse to whom member had been married for 3 or more years is automatically eligible, or a dependent may be designated as beneficiary.

Annual Amount—Computed as regular retirement benefit but reduced in accordance with a 100% joint and survivor election.

Member Contributions: 3% of salary

Benefit Increases After Retirement: No automatic increases after retirement are provided. Unscheduled increases have been made from time to time.

Effective 7-1-85 an increase based on year of retirement was granted. The related liability increase was \$39.8+ million.

ACTUARIAL REPORT

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Schedule 6.
INDIANA STATE TEACHERS' RETIREMENT FUND
RETIRANTS & BENEFICIARIES COMPUTED LIABILITIES
COMPARATIVE STATEMENT

Monthly Allowances Being Paid

Valuation June 30	Number	Normal Allowances	Total Allowances	Average Total Allowances
1966	10,947	\$ 1,502,849	\$ 1,754,398	\$ 160
1967	11,621	1,670,811	1,907,677	164
1968	12,362	1,865,499	2,085,945	169
1969	13,214	2,121,736	2,328,301	176
1970	14,312	2,459,385	2,647,397	185
1971	15,284	2,761,245	2,940,019	192
1972	16,525	3,232,285	3,356,456	203
1973	17,642	3,570,810	3,844,997	218
1975	19,217	4,298,637	4,660,873	243
1976	19,961	4,785,066	5,663,049	284
1977	20,670	5,208,747	6,186,999	299
1978	21,312	4,806,831	6,802,983	319
1979	21,808	5,144,227	7,353,986	337
1980	22,255	5,563,433	8,542,355	384
1981	22,738	6,775,694	8,895,272	391
1982	23,261	7,262,740	9,743,080	419
1983	23,631	7,742,789	10,743,936	455
1984	24,042	8,286,685	11,423,010	475
1985	24,496	8,908,890	12,401,975	506

Computed Liabilities

Valuation June 30	Normal Allowances	Total Allowances	Pension Reserves Available for Retired Lives	Ratio of Reserves To Normal Liabilities
1966	\$ 205,077,594	\$ -0-	\$ -0-	—
1967	226,597,440	-0-	-0-	—
1968	220,904,496*	-0-	-0-	—
1969	252,109,356	-0-	-0-	—
1970	296,988,420	-0-	37,249,947	12.5%
1971	333,115,464	-0-	40,282,154	12.1
1972	387,167,736	-0-	48,234,297	12.5
1973	407,205,444*	-0-	84,143,378	20.7
1975	489,557,796	-0-	95,684,185	19.5
1976	502,565,184*	521,518,344*	103,417,581	20.6
1977	545,493,516	634,282,404	109,541,561	20.1
1978	584,589,000	695,037,540	122,903,169	21.0
1979	620,418,864	776,820,456	138,791,199	22.4
1980	656,822,112	838,221,996	152,227,411	23.2
1981	697,140,204	885,519,372	178,126,912	25.6
1982	744,703,776	962,757,924	210,986,498	28.3
1983	773,009,736*	1,042,729,584*	220,447,081	28.5
1984	823,145,544	1,102,342,740	267,364,320	32.5
1985	887,563,956	1,198,373,664	360,036,868#	40.6

If actual employer contributions had been following level contribution rate principles and following the contribution provisions of Chapter 329 of Acts of 1955, the retired life liabilities for normal allowances would be 100% funded.

* Revised assumptions.

The computed liability for the annuity portion of the normal allowance was \$149,309,064. The June 30, 1985 balance in the Retired Teacher Annuity Reserve was reported to be \$185,742,496.

INDIANA STATE TEACHERS' RETIREMENT FUND

